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AGENCY NEWSLETTER

Publicity about the Agency

We are well aware at Headquarters that you are all concerned about some of the publicity the Agency has been getting. The allegations against the Agency, often vague and imprecise, are difficult to rebut even if it were permissible for us to do so. We cannot answer these books and articles; our policy must be to roll with the punch. However, all employees should be prepared to say--when the subject of publicity unfavorable to the Agency arises--that the Agency is under very tight external and internal controls. These controls make it impossible for the Agency to indulge in the type of freewheeling of which we are accused; such independent action just cannot occur as our Government is constituted. You can be assured that no one who fully understands the way our Government works believes the charges of irresponsible freewheeling. These men know the value of our services and disregard such allegations, as we must do ourselves.

The Invisible Government, about which you have heard a great deal, is not a serious book on the workings of our Government. The authors could have done such a book had they chosen to do so, but they elected to create another sensational pot-boiler which leaves vague impressions that there are sinister forces controlling our Government. There can be no question that the disclosure in the book of the names of staffers and sensitive organizations hurts the Agency. Conversely, there can be no question that the book gives aid and comfort to the other side.

The authors probably got their information (and misinformation) by scanning newspaper morgues for references to "CIA" and "intelligence," then listening to anybody who would talk. The authors claim to have revealed only data that were in print or could be learned through overt channels. So, although its authors may be guilty of indiscretion in combining such information in a form our opposition will find useful, the real security violations must be laid at the door of those who talked in the first place. A point that must be considered in reacting to a book like The Invisible Government is that we only provide free publicity, and hence greater circulation, by showing undue concern. We must be confident that we are doing the job expected of us, and this we are doing.

SECRET

SECRET

One constructive course we can take at this time, in the aftermath of The Invisible Government, is to insure at all levels, and in all areas, that we are applying the need-to-know principle.

The Pay Raise

The Federal Employees Salary Act of 1964 may be passed by the time this letter reaches you. Strong backing by the President brought about a very favorable vote in the House of Representatives and expeditious passage by the Senate which had been holding hearings concurrently with the House Committee. Resolution of amendments made by the Senate to the House bill will require action by House and Senate conferees. It is expected that the Conference Committee will meet at the conclusion of the Republican Convention. Salary increases provided in this bill will be applied to our personnel as they have in the past.

The President's view that enactment of pay legislation in this session of Congress "reaches into the very essence of urgency if this Government means to retain excellence and quality" underlies the strong support that has been generated for the pay bill. In addition, the policy of comparability which was set forth in the 1962 Act has provided the basic argument for those supporting this legislation.

In the Federal Salary Reform Act of 1962 the Congress and the Executive Branch committed themselves to the principle of maintaining career pay at levels comparable with pay received in private enterprise. The pay increase, which became effective in January of this year, provided limited comparability extending only through grade GS-7 of the Classification Act schedule and based upon the Bureau of Labor Statistics survey of 1961. The present bill, H.R. 11049, has been endorsed by the Administration as an effective move toward comparability in career pay for all levels and rates.

Perhaps even greater than the need for adjustment in career salaries, from an over-all point of view, is the need for establishment of a rationalized salary structure in the top positions in the Executive Branch of the Government and the concurrent establishment of sound interrelationships among executive, legislative and judicial pay schedules. Federal top salary rates have remained unchanged since 1956.

SECRET

SECRET

The bill has four major parts. Title I guarantees a minimum 3 per cent salary increase for postal and other career Federal employees in the lower levels and grades. The maximum dollar increase will be \$4,500 in the highest grades and levels. Titles II, III and IV of the bill provide increases in the statutory salary levels for 535 members of Congress and the Resident Commissioner from Puerto Rico; 400 Cabinet and sub-Cabinet officers; 486 Federal judges; the Commissioners of the Court of Claims; 11 officials in the Legislative Branch; and 2 officials in the Judicial Branch. Titles II and IV also include salary adjustments for Legislative and Judicial employees respectively which are comparable to the increases provided by Title I for Classification Act employees.

Early Retirement Legislation

The Director and senior officials of the Agency continue to press for further action on the Agency retirement bill and have been assured that the bill will receive consideration by the Senate Armed Services Committee as soon as the Committee can get to it. The debate on the Civil Rights Bill caused delays in taking up other matters which are pending before Senate committees. The long daily sessions in the Senate during the rights debate left little time for Committee attention to other than the most pressing items of legislation.

The President's Economy Drive

Almost immediately upon taking office, President Johnson started direct action to impose strict standards of economy and reduce expenditures in all agencies of the Government.

The Agency, even before the President's call for economy, was taking constructive steps in this very direction. In November 1963 the DCI made an organizational change which has had a significant impact on this Agency's compliance with the President's economy directives. The Office of Finance, with its complex responsibilities for financial accounting and reporting, was established as a component of the Support Directorate. The Office of Budget, Program Analysis and Manpower, with responsibilities for budgetary control, program review and the validation of manpower requirements, was established immediately under the Executive Director-Comptroller within the Office of the Director of Central Intelligence. John Clarke is its Director.

SECRET

The Executive Director-Comptroller took several actions to comply with the economy programs of the President and the DCI. These included a tightened control over manpower levels for Offices and Divisions within the Agency with appropriate measures to assure that these levels were respected. Efforts were made to reduce components having excess personnel to authorized strength levels through attrition and the imposition of firm limitations on hiring new personnel. For the first time the Bureau of the Budget, in response to the President's directive, placed a maximum numerical limitation on our nonpermanent or non-staff categories of personnel. In turn it was necessary to set employment levels for each Directorate for those categories of employees over which the Directorates had previously had only a financial control. Since last November the on-duty strength of the Agency has dropped by 336 employees and is now well within the ceiling imposed by the President and the Bureau of the Budget for FY 1964. Adjustments are still necessary since these losses, which have occurred largely through attrition, have taken place primarily among clerical personnel, many of whom sooner or later will have to be replaced. Efforts are under way to correct imbalances in the professional/clerical ratios as a result of these losses. Through streamlining of operations and careful pruning of less vital activities further reductions will be effected in Agency personnel ceilings in FY 1965 and FY 1966.

Several other economy actions were initiated within CIA. These included the following:

- a. Clerical recruitment levels were re-examined and revised. A reduction of about 50% of the number recruited during FY 1963 will save approximately \$500,000 in recruitment, orientation and training costs. In addition, a policy whereby clerical applicants are not brought on duty until they receive full clearance should result in an additional savings of approximately \$200,000.
- b. All Directorates have taken action to curtail travel wherever possible and to avoid first-class travel except where it is essential.
- c. Throughout the Agency there has been a savings in telephone service of about \$75,000 annually.
- d. The application of more austere and stringent criteria to printing requirements has resulted in the elimination of a need for 30 additional people and a \$750,000 increase in funds for printing expenses.

SECRET

e. Individual Directorates were enjoined to reduce overtime costs with a reduction goal of about \$1,000,000 in mind.

Although significant savings have been achieved, the economy drive will continue. The Agency is required to submit a quarterly report to the Bureau of the Budget setting forth Agency efforts to reduce manpower levels; reports must also measure the degree of success achieved toward the goal of maximum accomplishment of mission with minimum expenditure of money and manpower.

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Vehicles

The President and the Bureau of the Budget are exerting severe pressure on executive departments and agencies to reduce the inventory of official Government vehicles, and this Agency is under an equally stringent injunction to reduce the number of [] official vehicles to the absolute minimum consistent with clearly justifiable operational necessity. The Organization realizes that the location of many of our living quarters as well as the general unsuitability of public transportation in many locations makes a personal car for family use highly desirable. However, it is essential that we re-examine our vehicle assignment practices to ensure that the controlling factor is operational necessity. We must retain the mobility and responsiveness of operational personnel but this must be clearly distinguishable from the personal requirement for transportation to and from the place of employment and other personal and family conveniences.

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25X1A Within these terms of reference, we are convinced that the number of official [] vehicles can be substantially reduced by authorizing mileage reimbursement and granting transportation allowances to individuals for the official use of their personal vehicles. Agency regulations are being revised in several respects to make the use of personal vehicles more attractive. Among the changes in process is a provision that a foreign-made vehicle may be shipped at Government expense for an employee who is authorized a transportation allowance or is authorized mileage reimbursement for continuing official use of his personal vehicle instead of assigning an official [] vehicle to him.

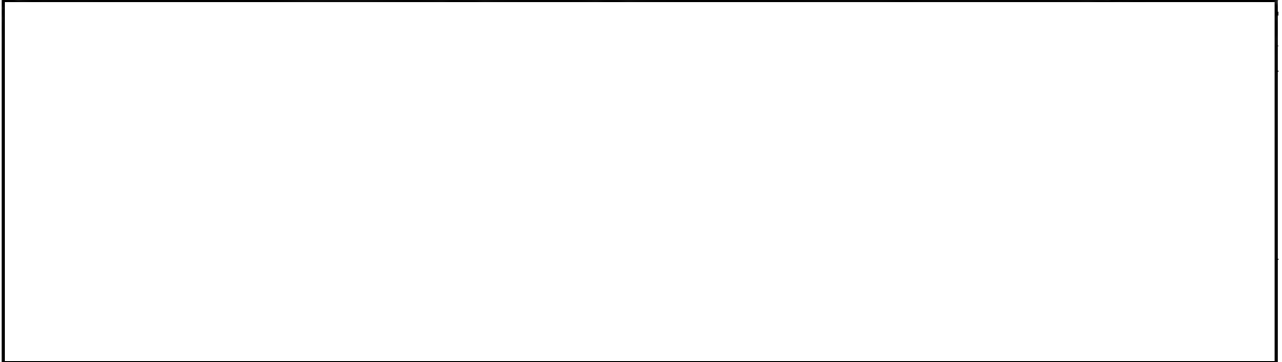
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Another provision being seriously considered is the delegation to Chiefs of Station and Base of authority to authorize transportation allowances of up to \$50 a month. In special circumstances transportation allowances of more than \$50 a month may be authorized by the Deputy Director for Support. In addition to the changes which will be reflected in the regulations, the Credit Union has agreed to grant loans to persons going overseas at a more favorable interest rate than was previously possible. We realize that local laws as well as the terms of agreements between host governments and our own vary from place to place. Nevertheless, the principle is sound and we believe we can make substantial reductions in the total Agency inventory of vehicles without sacrificing operational effectiveness or creating personal hardships.

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SECRET

Communications



Recruitment

While stringent personnel ceilings have caused us to slow down our recruitment activity considerably, we have reduced the recruitment mechanism only slightly and we have been able to increase our emphasis on obtaining the highest possible quality in the specialized areas where we continue to have requirements for exceptionally qualified people. In addition, recognizing that an organization of the complexity of the Agency cannot shut off the pipeline of qualified young people if it is to continue to perform effectively ten or twenty years from now, we have plans to expand the Junior Officer Training Program in each of the next two fiscal years. Up until now the Clandestine Services have been the primary subscribers to the Junior Officer Training Program. Most of the new expansion will be absorbed by other Directorates. The Director of Training is developing some modifications in curricula to add flexibility to the program to permit candidates for positions in functional areas other than the Clandestine Services to have their training slanted more directly toward their future assignments.

Midcareer Course

The third running of the Midcareer Course was completed on 28 May 1964 with increasing indications that it is a highly successful effort. Student critiques have been uniformly complimentary and many of them have been enthusiastic in their praise for the quality of the content throughout the entire six weeks. The last two weeks of the third running were highlighted by the appearance of Allen W. Dulles, Harlan Cleveland,

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W. Averell Harriman and Congressman Melvin Price. The fourth running, scheduled to begin in September, is now being programmed and many of the career services are beginning to consider candidates. In the process, an attempt is being made to place greater emphasis upon total planning for midcareerists covering periods of up to five years, of which enrollment in the six-weeks' "core course" is obviously only one small part. In addition to scheduling the individual's enrollment in the core course, career services are beginning to program rotational assignments and other external training for all promising midcareerists.

Security Reindoctrination

A program of security reindoctrination has been under way at Headquarters for several months with obligatory attendance for all employees. Within the next few weeks all employees now in the Washington area will have attended and those outside Headquarters will attend as soon as they can be reasonably scheduled after their return to Washington. The purpose of the program is to remind our people of their security obligations and the constant threat to the Organization by the opposition.

Program on the Responsibilities of Supervisors

A separate but related program of about six hours' duration has been developed and offered to Agency supervisors. Critiques of the first presentation have been used to refine the program and develop an orientation program to be offered for all employees in grades GS-14 and above and all employees in grades GS-13 and below who are responsible for completing fitness reports for two or more subordinate employees. The program is intended to remind supervisors of the total scope of their responsibility with emphasis on personnel management and the particular responsibility of the supervisor for personnel security of people under his supervision. When the format of this program has been agreed upon it will also be made obligatory for all persons in the categories mentioned.

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Foreign Missile and Space Analysis Center

On 7 November 1963 Mr. McCone approved the establishment of a Foreign Missile and Space Analysis Center (FMSAC). This organization is under the jurisdiction of the Deputy Director for Science and Technology. At the time of the creation of FMSAC, Mr. Carl Duckett was appointed its Director. FMSAC will become the focal point for analysis of all data on Soviet missile and space firings with particular attention to raw intelligence gathered from all sources and reporting and dissemination of these studies to the pertinent components of the intelligence community.

The Center is directed to use the best of our national capabilities, both private and governmental, to explore the extensive collection activities against these targets now in being under the various services. The Center will work with the Guided Missile and Astronautics Intelligence Committee (GMAIC) of the United States Intelligence Board (USIB) and will report its results to the USIB through GMAIC. The Center will also work closely with all collection agencies and is directed to develop judgments on the better use of our intelligence resources in this area.

National Intelligence Programs Evaluation

The November Newsletter contained an item on the appointment of Mr. John A. Bross as Deputy to the Director for National Intelligence Programs Evaluation (NIPE). Since that time Mr. Bross has built up a small, highly specialized staff which has concerned itself with a number of major examinations of intelligence community problems. Two of the studies are currently under way. One task force is making a study-in-depth of the over-all U.S. intelligence effort [redacted] with particular reference to the adequacy of the intelligence to support the needs of policy makers. It is hoped that this study may point the way to certain changes in the intelligence effort in this area and that it may help to highlight basic principles which may be equally applicable to other areas. A second task force is concerned with the totality of the U.S. intelligence effort to achieve early warning of an attack against the United States or its allies. This task force is assisted by officers from CIA, NSA and the Defense Intelligence Agency.

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Educational Aid Fund

As you have been told in recent Agency notices, the Director has approved the establishment of an Agency scholarship program called the Educational Aid Fund. Being new, the Fund has limited assets so that it will be impossible for the time being to assist all those who will want and deserve help. The primary purpose of this Fund is to provide scholarship aid for dependents of present and former career employees and career agents of the Central Intelligence Agency who may be encouraged and aided thereby to pursue programs of education in regionally accredited institutions of higher learning in the United States. This Fund is governed by a board of trustees appointed by the Director of Central Intelligence.

As an adjunct to the program, the Registrar Staff of the Office of Training has compiled extensive information about fellowships, grants and student loans. Also available in OTR are catalogs for most accredited colleges and universities in the United States. It is recommended that inquiries on these matters be directed initially to the Registrar and that a counseling appointment be made if needed.

Key Assignments

25X1 H. Gates Lloyd, Assistant Deputy Director for Support, retired from the Agency on 1 July 1964 after a long and distinguished career. Robert L. Bannerman, Director of Security, succeeded him and Howard J. Osborn, [redacted] succeeded Mr. Bannerman. Effective at the same time, [redacted] became the Deputy Director of Security.

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Marshall S. Carter
Lieutenant General, USA
Deputy Director

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